

MINUTES

Riverview Technology Corporation
Special Board of Directors Meeting
September 21, 2007, 8:00 a.m.

Members Present: Dale Beede, Walid Bou-Matar, Thea Chase, Dennis Hill, Bruce Milyard,
Bonnie Petersen, Dick Pryor, J. D. Snodgrass
Others Present: Dave Detwiler, Dean DiDario, Nancy McKenna, Mary Orn

CALL TO ORDER: Bonnie Petersen called the Special Meeting to order at 8:10 a.m. and introduced Dave Detwiler of Integrated Construction Solutions, the Construction Manager of the DOE Improvements Project for a status update.

DOE PROJECT STATUS: Dave presented the Scope of Work, Time Schedule, Budget and Concerns included in the attached handouts. The project includes work only in Buildings 810 and 938. The work is divided in two, one is operations-maintenance type work that does not require a building permit and the second does require a building permit. RTC is working with Chamberlin Architects who is drawing specs for the ADA bathrooms and janitor closets, a remodel of some of the building entry doors to be ADA accessible, plus double pane windows will be installed on the 2nd floor of 810. These will require a building permit and be handled by a General Contractor. For the operations and maintenance, RTC will be subcontracting directly with and through the Business Incubator Center (BIC) to remove all carpet, paint all walls, add/replace swamp coolers and additional venting, apply shatter resistant window film, resurface 150 parking spaces, add electrical capacity, and add battery back up for exterior lighting.

The schedule to complete the work according to the DOE Contract is May 21, 2008. Dave said there are 3 options for the schedule. If work is performed straight through without notice of DOE personnel presence, completion could be May 2, 2008. If we accommodate DOE personnel, move them out of working areas, the work could be completed by June 9, and if we have to deal with extraordinary asbestos problems, it moves to August 15th. At present, it is felt that asbestos is confined to floor mastic, however a firm has been hired to also test the drywall to be on the safe side. RTC will let DOE decide how they want to proceed and get an extension of time if needed. RTC is committed to give DOE a final schedule by the first of October. The budget is \$1,498,937 and includes fees paid to the General Contractor, Construction Manager and BIC, and the cost of goods for improvements.

Bonnie reported that a safety meeting was held yesterday at DOE's request. There have been problems with the ceiling tile installation project and DOE's Program Manager, Office of Site Operations, Bob Baney, flew in from Washington DC to address these issues with RTC and BIC. The meeting was attended by Ray Plienness, Liz Wyler and Terry Christiansen of DOE, Joe Legare, Andria Dutcher and Joe Desormeau of Stoller, Dean DiDario and Ken Short of BIC, Frank DeSantis of PNCI, Dave Detwiler of ICS, and Bonnie, Mary Orn and J.D. Snodgrass representing RTC. Part of DOE's concerns stem from the known presence of asbestos in DOE's buildings. Mary explained that 10 CFR 851 is a newly updated DOE regulation for safety programs at all DOE sites owned or leased. It clearly applies to DOE contractors performing work on that site, but it is not specific to address leased facilities and landlords doing renovations. DOE is asking Headquarters-Legal for clarification if 10 CFR 851 does apply. Dave stated that Ray Plienness agreed that 10 CFR 851, a very extensive safety program, was not part of the deal and if applicable, it would involve a renegotiation of the lease.

Thea Chase questioned if the asbestos clean-up should be DOE's responsibility - the response was no. The presence of asbestos was clearly revealed to RTC in the Quit claim deed and became our responsibility. Walid Bou-Matar questioned if RTC/ICS agreed to allow any DOE employee to stop the project work because of safety concerns. Dave stated that DOE safety personnel will establish a protocol where any employee who sees something questionable can alert a designated DOE person who would in turn contact the appropriate construction person. Dave reiterated this is why DOE should not occupy space while under construction. It is very important to pay attention to safety concerns and accommodate DOE's personnel needs. He believes that local DOE folks want their personnel moved during construction and that they will push to have a time extension in order to accommodate. Communication with DOE employees is key; hence Dave will hold "Plan of the Day" meetings.

Bruce Milyard asked about 851's applicability. J.D.'s opinion after a review of the regulation is DOE may have an argument that it does apply. However, he had spoken with Ken Short and Frank of PNCI and Ken stated that for 6 years he has been told by DOE that 851 does not apply. We will await DOE's ruling.

PROPERTY MANAGEMENT BUDGET FY 08: Dean DiDario presented the Property Management Budget and an historical actual trend, copies attached. Dean proposed to highlight only those items that have changed more than inflation, and new or deleted items. The new DOE contract requires janitorial service 5 nights per week versus the current 3. A change of the janitorial contractor will be effective October 1. The Property Management fee and property taxes have been removed from this list and placed into CAM (Common Area Maintenance). Another significant change is the Unscheduled Maintenance category has been deleted. Utilities – gas and electric – numbers are based on a 15% increase assumption. Water service reflects the drinking fountains being pulled out last year in response to a contamination threat; bottled water is currently being provided. With the new construction, drinking fountains could be reinstated in the future. The 2008 projected budget for DOE direct expenses is \$318,295. The Auto Expense has increased because Maintenance is now using a company vehicle. The increase in Maintenance staff does not reflect a raise in salaries but a reallocation of time spent. A new category is Property Taxes as RTC will be responsible to pay for vacated space (46 & portion of 12) including utilities. The Total budget is \$571,480.

Discussion followed on the removal of unscheduled maintenance monies. It is felt that so many problem areas will be corrected by the improvements project that this category is unnecessary. If there are things to be repaired they will be capital expenditures for RTC. Thea pointed out that roofs routinely need to be re-coated; the last major effort was accomplished around 2004.

CORPORATE BUDGET FY 08: Mary presented the budgets for Operations and Projects/Capital and with a Basis of Estimate, copies attached. Again she will address highlights only. In the Operations Budget under revenues, per direction of the Property Management Committee, the assumption is that Bldg 46 and a portion of Bldg 12 remain vacant showing zero revenues and expenses. Under Accounting and Legal, \$6K has been allocated for John Gormley's time to review lease/loan/contract documents regarding the DOE project. Mary recommends that an energy assessment be undertaken on all buildings (once the DOE improvements are complete) to assess efficiency; Mary estimates \$15K for this endeavor. In the Capital Expenditures Budget, Mary has included pursuit of the master plan to further develop the phases, working with grant funds. Thea wanted to approve the budget without the

master plan grant income and expenses as they are merely projections of what might transpire and RTC does not have a grant application active or planned. Thea questioned whether interest expense on the loan should be in the Projects/Capital or Operations Budget; Mary was directed to seek advice from Dennis Wagner.

Bonnie asked for a motion to approve both the Property Management Budget and the Corporate Budget with the possibility of moving the bank loan interest line item from Projects to Operations, and removing the master plan income and expenses from Projects. Walid Bou-Matar made the motion to approve and Bruce Milyard seconded his motion. There was no further discussion and all Board Members voted AYE to approve the FY 08 Budgets.

DOE IMPROVEMENTS PROJECT BANK LOAN: Bonnie restated the sequence of events concerning the terms of the bank loan. US Bank offered a \$1.6M loan with a \$600K liquidity covenant increasing \$100K per year. Mary was asked to make a counter offer to the bank putting \$100K down and removing liquidity covenant. The end result is the bank has reduced the liquidity covenant to \$500K, and not asking for the annual increase. This is not a collateral loan, it is based on cash flow. The bank is concerned how RTC will make loan payments in case DOE leaves. The bank offered to consider allowing RTC to use the \$500K liquidity monies if RTC has a matching grant and the loan is in good standing. DOE's base rent is \$19, 652 per month for renovations. If DOE leaves any time before the first 5 year term, they will pay the money owed for the 5 year period upon the early termination of their lease. The base period is 5 years with two 5-year options, the loan will be paid in ten years from DOE's rent. The worst case scenario is if DOE pulls out and RTC has to fight for the money. J.D. and Thea questioned if "hold-over" provisions in the current lease require them to continue to pay; Mary was directed to review this. The start date of the new lease at higher payments is 10/1. Thea asked if we have received a verbal from Karen Troester on the appraisal. Mary replied the appraisal came in at \$2.2 million for entire site, without 12A, as is, using income approach only. Karen is ready to proceed with the loan. Dick Pryor asked Mary if she was satisfied with the bank loan and Mary said yes, it's a good deal for RTC. The maximum loan amount is \$1,611,000, it is interest only on draws. Bonnie asked for a motion to approve accepting the bank's loan offer. J. D. Snodgrass so moved and Dick Pryor seconded the motion, all board Members voted AYE.

Mary talked about our current check signing policy and questioned if this could apply to the upcoming construction account. RTC's Resolution states one officer can sign a check if the expense is in the budget. Inspection of the expenditures will be done by Daniel Gartner, Chamberlin, for the General Contractor; Dave Detwiler and Mary Orn will be responsible for checking the rest of expense activity, plus the bank will also provide inspection. J.D. Snodgrass made a motion that RTC continue with the current check signing policy and Dale Beede seconded his motion. All Board Members voted in favor of this action. Mary stated that the check signing activity will be a little higher than current due to the improvement project.

PERSIGO EXCLUSION UPDATE: Mary and Bonnie attended the County Commissioners meeting on Monday morning, September 17th to present their pitch to exclude this site and the County was very happy to do so. Jon Peacock informed them that RTC was on the City Council's agenda for that night as well. The City also voted to exclude RTC from Persigo 201. We are officially excluded.

Other: At the County's meeting, Craig Meis stated there is \$5M left in the UMPTRA account and he is recommending that money should be used by RTC, possibly for the master plan or other major site projects. Thea advised Mary to contact Jim Evans at Cordilleran for further information about this pool of funds. Bonnie feels RTC should act quickly on this offer.

Greg Trainor, City Water Dept. commented that they won't charge us double for the sewer even though we're an out of district customer. Greg also stated the City wants to help RTC provide untreated water for irrigation at the site. It was agreed to follow-up and take them up on this offer.

J.D. noted the article in the Daily Sentinel regarding IDI's future and the recent meeting between the RTC and BIC Executive Committees. BIC indicated they would consider eventually taking over the entire site. J.D. feels there should be some continuing dialogue between the two boards, and even IDI, about the future of this site.

The meeting was adjourned at 9:20 a.m.

REMINDER - NEXT REGULAR BOARD MEETING – November 2, 2007